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HOUSE BILL 647

**47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005**

INTRODUCED BY

Daniel R. Foley

AN ACT

RELATING TO TAXATION; REQUIRING CERTAIN MUNICIPALITIES TO EXPEND SOLELY FOR MUNICIPAL ROAD PROJECTS AND ROAD EQUIPMENT DISTRIBUTIONS FROM INCREASED GROSS RECEIPTS TAX REVENUES ATTRIBUTABLE TO RECONSTRUCTION OR IMPROVEMENT PROJECTS FOR WHICH BONDS ARE SOLD PURSUANT TO LAWS 2003 (S.S.), CHAPTER 3, SECTION 27.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-1-6.4 NMSA 1978 (being Laws 1983, Chapter 211, Section 9, as amended) is amended to read:

"7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS TAX.--

A. Except as provided in Subsection B of this section, a distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to each municipality in an amount, subject to any

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1 increase or decrease made pursuant to Section 7-1-6.15 NMSA  
2 1978, equal to the product of the quotient of one and two  
3 hundred twenty-five thousandths percent divided by the tax rate  
4 imposed by Section 7-9-4 NMSA 1978 [~~times~~] multiplied by the  
5 net receipts for the month attributable to the gross receipts  
6 tax from business locations:

7 (1) within that municipality;

8 (2) on land owned by the state, commonly known  
9 as the "state fair grounds", within the exterior boundaries of  
10 that municipality;

11 (3) outside the boundaries of any municipality  
12 on land owned by that municipality; and

13 (4) on an Indian reservation or pueblo grant  
14 in an area that is contiguous to that municipality and in which  
15 the municipality performs services pursuant to a contract  
16 between the municipality and the Indian tribe or Indian pueblo  
17 if:

18 (a) the contract describes an area in  
19 which the municipality is required to perform services and  
20 requires the municipality to perform services that are  
21 substantially the same as the services the municipality  
22 performs for itself; and

23 (b) the governing body of the  
24 municipality has submitted a copy of the contract to the  
25 secretary.

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1           B. If the reduction made by Laws 1991, Chapter 9,  
2 Section 9 to the distribution under this section impairs the  
3 ability of a municipality to meet its principal or interest  
4 payment obligations for revenue bonds outstanding prior to July  
5 1, 1991 that are secured by the pledge of all or part of the  
6 municipality's revenue from the distribution made under this  
7 section, then the amount distributed pursuant to this section  
8 to that municipality shall be increased by an amount sufficient  
9 to meet any required payment, provided that the distribution  
10 amount does not exceed the amount that would have been due that  
11 municipality under this section as it was in effect on June 30,  
12 1992.

13           C. Amounts distributed to a municipality pursuant  
14 to this section that are attributable to an increase in gross  
15 receipts taxes collected by the department from the sale within  
16 the municipality of goods and services sold for reconstruction  
17 or improvement projects within the municipality for which the  
18 sale of state transportation bonds is authorized pursuant to  
19 Laws 2003 (S.S.), Chapter 3, Section 27 shall be expended by  
20 the municipality:

21                   (1) entirely for municipal road projects and  
22 road equipment if that municipality has a population of one  
23 thousand five hundred or more; or

24                   (2) for any lawful purpose if that  
25 municipality has a population of less than one thousand five

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1 hundred.

2 D. For the purposes of this section:

3 (1) the required expenditures in Subsection C  
4 of this section apply to the sum of all the distributions made  
5 to a municipality in a fiscal year pursuant to this section  
6 that exceed the base amount for that municipality for that  
7 fiscal year;

8 (2) the base amount for a municipality for a  
9 fiscal year equals the amount distributed to that municipality  
10 pursuant to this section in fiscal year 2003 multiplied by a  
11 fraction, the numerator of which is the consumer price index  
12 for all urban consumers for all items as published by the  
13 United States department of labor for the calendar year  
14 immediately preceding the beginning of the fiscal year and the  
15 denominator of which is the same index for calendar year 2002  
16 and further multiplied by a fraction, the numerator of which is  
17 the estimated population of that municipality in the calendar  
18 year immediately preceding the beginning of the fiscal year and  
19 the denominator of which is the population of that municipality  
20 in calendar year 2002. The local government division of the  
21 department of finance and administration shall calculate the  
22 base amount for each municipality for each fiscal year; and

23 (3) "municipal road project" means  
24 construction, renovation, improvement or repair of a highway,  
25 street or road within a municipality."

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